

IN THE UNITED STATES COURT OF APPEALS
FOR THE NINTH CIRCUIT

PAYNE METAL ENTERPRISES,
LIMITED, a corporation, and
PAYNE MANUFACTURING COMPANY,
LIMITED, a corporation,

Appellants,

vs.

JAMES E. McPHEE and ANCHOR
PRODUCTS, INC., a corporation,

Appellees.

APPELLANTS' OPENING BRIEF

APPEAL FROM
THE UNITED STATES DISTRICT COURT
FOR THE CENTRAL DISTRICT OF CALIFORNIA

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TOPICAL INDEX

	<u>Page</u>
Table of Authorities	ii
STATEMENT OF JURISDICTION	1
CONCISE STATEMENT OF THE CASE	2
EXHIBIT 10	5
SPECIFICATION OF ERRORS	6
SUMMARY OF ARGUMENT	7
I THE APPLICABLE STATUTES	8
II THE RULES RELATING TO FINDINGS OF FACT SHOULD BE STRICTLY ENFORCED AGAINST DEFENDANTS.	10
III THERE IS ALMOST A PRESUMPTION AGAINST THE VALIDITY OF A DESIGN PATENT.	13
IV THE FINDINGS OF COMMERCIAL SUCCESS ARE CLEARLY ERRONEOUS.	18
V FINDINGS OF FACT 15, 16, 18 AND 19 ARE CONCLUSORY STATEMENTS MISNAMED FINDINGS OF FACT.	22
VI THE ALLEGED INVENTION WAS OBVIOUS.	23
VII THE DESIGN WAS NOT ORNAMENTAL.	27
VIII PLAINTIFFS DID NOT INFRINGE.	28
CERTIFICATE	31

TABLE OF AUTHORITIES

<u>Cases</u>	<u>Page</u>
Alladin Plastics v. Jerrold Stephan, ___ F.2d ___, 150 USPQ 10 (9th Cir. 1966)	14, 26
Amerock Corp. v. Aubrey Hardward Mfg., Inc., 275 F.2d 346, 124 USPQ 439 (7th Cir. 1960)	29
Aro v. Convertible Top, 365 U.S. 336, 128 USPQ 354 (1961)	29
B & S Screw Products v. Cleveland Stamping, 233 F.Supp. 845, 143 USPQ 284 (N.D. Ohio, 1964)	18
Bentley v. Sunset House, ___ F.2d ___, 149 USPQ 152 (9th Cir. 1966)	14, 23, 27
Berghane v. Radio Corp., 116 F.Supp. 200, 99 USPQ 264 (D. Del. 1953), aff'd 217 F.2d 490, 103 USPQ 406 (3rd Cir. 1954)	17
Bergman v. Aluminum Lock Shingle, 251 F.2d 801, 116 USPQ 32 (9th Cir. 1957)	28
Berkeley Pump v. Jacuzzi, 214 F.2d 785, 102 USPQ 100 (9th Cir. 1954)	26
Bliss v. Gotham, 316 F.2d 848, 137 USPQ 189 (9th Cir. 1963)	14, 24, 27
In re Boyer, ___ F.2d ___, 150 USPQ 441 (CCPA 1966)	20
Chas. D. Briddell, Inc. v. Alglobe Trading Corp., 194 F.2d 416, 92 USPQ 100 (2nd Cir. 1952)	13, 14
Brown v. De Bell, 243 F.2d 200, 113 USPQ 172 (9th Cir. 1957)	24
Brunswick v. Columbia Industries, ___ F.2d ___, 150 USPQ 83 (9th Cir. 1966)	23
Bussemer v. Artwire, 231 F.Supp. 798, 142 USPQ 323 (S.D.N.Y. 1964)	18
Continental Art. v. Bertolozzi, 232 F.2d 131, 109 USPQ 231 (7th Cir. 1956)	25

	<u>Page</u>
Continental Connector v. Houston Fearless, 350 F. 2d 183, 146 USPQ 630 (9th Cir. 1965)	23
Converse v. Brenner, ____ F. Supp. ____, 151 USPQ 12 (D. C. 1966)	20
Davis Harvester v. Long Manufacturing Co. , ____ F. Supp. ____, 149 USPQ 420 (E. D. N. C. 1966)	18
Dresser Industries v. Smith-Blair, 322 F. 2d 878, 139 USPQ 1 (9th Cir. 1963)	18
Duplex Straw Dispenser Co. v. Harold Leonard & Co. , 229 F. Supp. 401, 141 USPQ 332 (S. D. Calif. 1964)	10, 25
Edward Valves v. Cameron Iron Works, 289 F. 2d 355, 129 USPQ 131 (5th Cir. 1961), cert. den. 368 U. S. 833, 131 USPQ 498 (1961)	10
Eileen Mills Co. , Inc. v. Ojay Mills, Inc. , 188 F. Supp. 138, 127 USPQ 370 (S. D. N. Y. 1960)	29
Falcon Industries v. R. S. Herbert Co. , 128 F. Supp. 204, 104 USPQ 301 (E. D. N. Y. 1955)	13
S. W. Farber, Inc. v. Texas Instruments, Inc. , 230 F. Supp. 883, 141 USPQ 473 (D. Del. 1964)	17
Farr v. American Air Filter, 318 F. 2d 500, 137 USPQ 627 (9th Cir. 1963)	23
In re Frick, 275 F. 2d 741, 125 USPQ 191 (CCPA 1960)	23
Graham v. John Deere, ____ U. S. ____, 148 USPQ 459 (1966)	16, 22
Gray v. Montgomery-Ward, 244 F. Supp. 760, 139 USPQ 376 (D. Ore. 1963)	18
Great A. & P. Tea Co. v. Supermarket Equipment Co. , 340 U. S. 147, 87 USPQ 303 (1951)	27
Griffith Rubber Mills v. Hoffer, 313 F. 2d 1, 136 USPQ 332 (9th Cir. 1963)	22, 23
Gunter & Cooke v. Southern Electric Service, ____ F. Supp. ____, 149 USPQ 438 (M. D. N. C. 1966)	20

	<u>Page</u>
Hansen v. Safeway Stores, 238 F.2d 336, 110 USPQ 170 (9th Cir. 1956)	14
Hollister v. Twentiers, 217 F.Supp. 591, 135 USPQ 119 (D. Ariz. 1962), aff'd 319 F.2d 898, 138 USPQ 473 (9th Cir. 1963)	21
Hygienic Specialties v. H. G. Salzman, 302 F.2d 614, 133 USPQ 96 (9th Cir. 1962)	27
Jacuzzi Bros., Inc. v. Berkeley Pump Co., 191 F.2d 632, 91 USPQ 24 (9th Cir. 1951)	14
Jaybee Mfg. Corp. v. Ajax Hardware Mfg. Corp., 287 F.2d 222, 128 USPQ 278 (9th Cir. 1961)	13, 14, 18, 21, 24, 27
Keiser v. High Point, 311 F.2d 850, 136 USPQ 612 (4th Cir. 1962)	20
King Ventilating v. St. James, 17 F.2d 357, aff'd 26 F.2d 357 (8th Cir.)	26
Lage v. Caldwell Mfg. Co., 221 F.Supp. 802, 138 USPQ 497 (D. Nebr. 1963)	17, 20
In re Levy, 310 F.2d 751, 135 USPQ 447 (CCPA 1962)	23
Lorenz v. F. W. Woolworth, 305 F.2d 102, 134 USPQ 152 (2nd Cir. 1962)	18
In re Luvisi, 342 F.2d 102, 144 USPQ 646 (CCPA 1965)	22
Majestic v. Westinghouse, 276 F.2d 676 (9th Cir. 1921)	27
Mannix v. Healey, 341 F.2d 1009, 144 USPQ 611 (5th Cir. 1965)	20
Marconi Wireless Telegraph v. United States, 320 U.S. 1, 57 USPQ 471 (1943)	20
Margarian v. Detroit Products Company, 128 F.2d 544, 53 USPQ 658 (9th Cir. 1942)	14, 24
Modern Millinery v. Bows Box, 219 F.Supp. 615, 138 USPQ 449 (E. D. Pa. 1963)	20

Mohasco Industries, Inc. v. E. T. Barwock Mills, Inc. , 221 F.Supp. 191, 139 USPQ 148 (N.D. Ga. 1963), aff'd 340 F.2d 319, 144 USPQ 288 (5th Cir. 1965)	14
Monroe Auto Equipment v. Superior Industries, 332 F.2d 473, 141 USPQ 710 (9th Cir. 1964), cert.den. 379 U.S. 888, 143 USPQ 465 (1964)	18, 23
National Lead v. Western Lead, 291 F.2d 447, 130 USPQ 4 (9th Cir. 1961)	22
Neal v. Thomas Organ, 241 F.Supp. 1020, 145 USPQ 315 (S.D. Calif. 1965)	13
North Electric v. United States, ____ F.2d ____, 150 USPQ 464 (Ct. Cl. 1966)	20
Nyyssonen v. Bendix, 342 F.2d 531, 144 USPQ 555 (1st Cir. 1965), cert.den. 382 U.S. 847, 147 USPQ 540 (1965)	11
Patriarca Mfg., Inc. v. Sosnick, 169 F.Supp. 204, 120 USPQ 143 (S.D. Calif. 1958), aff'd 278 F.2d 389, 125 USPQ 260 (9th Cir. 1960)	24, 27
In re Pavelecka, 317 F.2d 932, 137 USPQ 788 (CCPA 1963)	14
Pressteel v. Halo, 314 F.2d 695, 137 USPQ 25 (9th Cir. 1963)	23
Reachi v. Edmond, 277 F.2d 850, 125 USPQ 265 (9th Cir. 1960)	28
Roberts v. Ross, 344 F.2d 747, 9 F.R.Serv.2d 52a.11, Case 1 (3rd Cir. 1965)	11
Rooted Hair v. Ideal Toy, 329 F.2d 761, 141 USPQ 540 (2nd Cir. 1964), cert. den. 379 U.S. 831, 143 USPQ 465 (1964)	11
Rothe v. Ford Motor Co. , 253 F.2d 353, 116 USPQ 497 (D. C. Cir. 1958)	18
Schering v. Gilbert, 153 F.2d 428, 68 USPQ 84 (2nd Cir. 1946)	21

In re Scott, 139 USPQ 297 (CCPA 1963)	14
E. H. Sheldon & Co. v. Miller Office Supply Co., Inc., 188 F.Supp. 67, 127 USPQ 119 (S.D. Ohio 1960)	29
Simmons v. Brandwein, 111 USPQ 171 (N. D. Ill. 1956), aff'd 250 F.2d 440, 115 USPQ 307 (7th Cir. 1957)	21
In re Sporck, 301 F.2d 686, 133 USPQ 360 (CCPA 1962)	14
Stiegele v. J. M. Moore, 312 F.2d 588, 136 USPQ 230 (2nd Cir. 1963)	20
Stone v. Farnell, 239 F.2d 750, 23 F.R.Serv. 52 a. 3, Case 1 (9th Cir. 1956)	10
Sunbeam Lighting Co. v. Pacific Associated Lighting, 328 F.2d 300, 140 USPQ 512 (9th Cir. 1964)	29
T. P. Laboratories, Inc. v. Huge, ___ F.Supp. ___, 151 USPQ 328 (E. D. Wisc. 1965)	20
Thabet Mfg. Co. v. Koolvent Metal Awning, 226 F.2d 207, 107 USPQ 61 (6th Cir. 1955)	25
Tourneau v. Tishman, 119 F.Supp. 593, 100 USPQ 350 (S.D. N. Y. 1953), aff'd 211 F.2d 240, 100 USPQ 334 (2nd Cir. 1954)	24
United States v. El Paso Natural Gas, 376 U.S. 651, 8 F.R.Serv. 2d 52 a. 11, Case 1 (1964)	11
U. S. Rubber v. Consolidated Trimming, 218 F.Supp. 498, 138 USPQ 14 (S.D. N. Y. 1963)	18
Wabash v. Ross Electric, 187 F.2d 577, 88 USPQ 393 (2nd Cir. 1951)	17
Walker v. General Motors, ___ F.2d ___, 149 USPQ 472 (9th Cir. 1966)	25, 26
Welsh v. Strolee, 290 F.2d 509, 129 USPQ 175 (9th Cir. 1961)	22

In re Winslow, ___ F.2d ___, 151 USPQ 48 (CCPA 1966)	26
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Statutes

Title 28, United States Code, §1291	2
Title 28, United States Code, §1292(4)	2
Title 28, United States Code, §1338(a)	2
Title 28, United States Code, §2201	2
Title 35, United States Code, §102(a)	7
Title 35, United States Code, §102(b)	7, 9
Title 35, United States Code, §102(f)	7
Title 35, United States Code, §103	7, 9, 23, 26
Title 35, United States Code, §171	8, 23
Title 35, United States Code, §271	27

Rules

Federal Rules of Civil Procedure:

Rule 52(a)	22
Rule 73(a)	2

United States Court of Appeals for the Ninth Circuit:

Rule 18(3)	13
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Texts

Manual of Patent Examining Procedure, §1503.1	29
Shoemaker, Patents for Designs, §33, pp. 44-49	26
1 Walker on Patents (Deller's Edition), §137, p. 431	29
3 Walker on Patents (Deller's Edition), §741, pp. 2045-2046	30

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STATEMENT OF JURISDICTION

On January 29, 1961, plaintiff-appellants, Payne Metal Enterprises, Ltd. and Payne Manufacturing Company, Ltd., filed a Complaint in the District Court for the Southern District of California against defendant-appellees, James E. McPhee and Anchor Products, Inc. for a declaratory judgment that McPhee U.S. Design Patent No. 176,986 was invalid and not infringed (Cl. Tr. 1-6). Defendant-appellees denied invalidity and noninfringement and counterclaimed for infringement (Cl. Tr. 9-13).

After trial, the District Court filed an Interlocutory

Judgment and Order on March 31, 1966, holding said patent valid and infringed (Cl. Tr. 186-188). On April 28, 1966, plaintiff-appellants filed a notice of appeal (Cl. Tr. 190-191).

The District Court had jurisdiction under 28 U. S. C. §§ 1338(a) and 2201.

This Court has jurisdiction to review the Interlocutory Judgment and Order under 28 U. S. C. §§ 1291 and 1292(4) and Rule 73(a) of the Federal Rules of Civil Procedure.

CONCISE STATEMENT OF THE CASE

McPhee U. S. Design Patent No. 176,986 (Cl. Tr. 34), the patent in suit, was filed December 7, 1954 and issued February 28, 1956 on a "Liquid Pourer". The patent was marked Dfts. Ex. A and the design thereof is shown in Pltfs. Ex. 10, which is reproduced in this brief following page 5.

This design is the same as Fig. 1 of MCPhee U.S. Patent No. 2,667,290 (Cl. Tr. 35), issued January 26, 1954, with the addition of a skirt or depending flange. Fig. 1 of said patent is also shown in Pltfs. Ex. 10. MCPhee testified as follows (Rep. Tr. 257-258):

"Q. So the only thing that you really added by virtue of design patent '986 was the skirt; is that correct?

"A. Do you mean the physical addition?

"Q. Yes.

"A. Yes.

"Q. And that is the only element of the design that is new, isn't that correct?

"A. Physical addition of the skirt."

Skirts were old in the art. See Australian Patent No. 9, 658 and Maloney U.S. Patent No. 2, 275, 051 (Cl. Tr. 42-49), which are contained in Pltfs. Ex. 3. The Australian design is also shown in Pltfs. Ex. 10 following page 5 of this brief.

McPhee admitted that his skirt is conical (Rep. Tr. 27, 30). This was an old shape selected for the basic reason that it facilitated the manufacture by the use of the die casting process. Said McPhee (Rep. Tr. 263-265):

"Q. Now, can you tell me why you chose the angular shape of the skirt, as shown in the drawings Figures 1 to 3 of Exhibit A, above any other shape?

"A. The basic reason is that it is a real fine application of the die-casting process."

Also, the McPhee design is primarily functional because it "cover[s] up the messy connection between a bottle top and . . . [the] pourer" (Rep. Tr. 65, 260-261) and "surround[s] and protect[s] the uppermost part of the cork". See Australian Patent No. 9, 658, Col. 3, lines 33-34 (Cl. Tr. 43).

Thus, the McPhee Design Patent covers the addition of an old, functional skirt to the old combination shown in Fig. 1 of

McPhee's mechanical patent No. 2, 667,290.

Plaintiff's alleged infringing devices, Dfts. Exhibits B and C, are shown in Pltfs. Ex. 10 and are labelled "Accused Payne Mod. #508" and "Accused Payne Mod. #542", respectively. These devices differ from the MCPhee design in the following respects, among others:

(1) The bodies of the alleged infringing devices are "closer to a ball" than the patented design (Rep. Tr. 39).

(2) The alleged infringing devices have an angular bead around the ball as distinguished from the horizontal bead of MCPhee's patent (Rep. Tr. 41).

(3) The pouring spout of the alleged infringing devices extend farther above the body than in the patented design (Rep. Tr. 41).

(4) The alleged infringing devices have bell-shaped or curvilinear skirts while the patented design shows a skirt with straight sides (Rep. Tr. 42-43).

SPECIFICATION OF ERRORS

1. Findings of Fact Nos. 7, 8, 9, 10, 11 and 12 are unsupported by the evidence.

2. Finding of Fact No. 14 is unsupported by the evidence insofar as it states that "the Patent Office Examiner, during the prosecution of the McPhee patent in suit, No. Des. 176,986, had before him the most pertinent prior art references". The Examiner did not have Maloney U. S. Patent No. 2,275,051 and other pertinent prior art references before him.

3. The second sentence of Finding of Fact No. 15 is an erroneous Conclusion of Law and is unsupported by any findings of fact or evidence.

4. The second sentence of Finding of Fact No. 16 is an erroneous Conclusion of Law and is unsupported by any findings of fact or evidence.

5. Findings of Fact Nos. 18 and 19 are erroneous Conclusions of Law and are unsupported by any findings of fact or evidence.

6. Finding of Fact No. 20 is not supported by the evidence.

7. Finding of Fact No. 23 is an erroneous Conclusion of Law.

8. Finding of Fact No. 25 is unsupported by the evidence.

9. Finding of Fact No. 26 is unsupported by the evidence.

10. Finding of Fact No. 27 is unsupported by the evidence.

11. The Court erred in Conclusions of Law 3 to 9 inclusive because they are unsupported by any findings of fact or evidence.

12. The Court erred in refusing to find or conclude that McPhee U. S. Design Patent No. 176,986 was not new, original or ornamental.

13. The Court erred in refusing to find or conclude that McPhee U. S. Design Patent No. 176,986 would have been obvious at the time the alleged invention was made to a person having ordinary skill in the art to which the subject matter pertains under Title 35, U. S. C. §103.

14. The Court erred in refusing to find or conclude that McPhee U. S. Design Patent No. 176,986 was anticipated under Title 35, U. S. C. §§ 102(a), (b) and (f).

15. The Court erred in refusing to find that McPhee U. S. Design Patent No. 176,986 was not infringed by plaintiffs or either of them.

SUMMARY OF ARGUMENT

1. The rules relating to findings of fact should be strictly enforced against defendants because the District Court adopted defendants' findings without change. This Court should therefore require that the defendants cite record references in support of all challenged findings and should consider the failure to make critical findings as an admission that there was no evidence

to support such findings.

2. There is almost a presumption against the validity of a design patent.

3. The findings of commercial success are clearly erroneous because the devices sold were not manufactured in accordance with the patent and the defendants did not prove that the invention contributed in any material degree to the commercial success.

4. The alleged invention was obvious because McPhee merely changed the dimensions of an old element, the skirt or flange and added it to the old elements shown in his mechanical patent without the exercise of invention.

5. The design was dictated by functional or mechanical requirements and was not ornamental.

6. Plaintiffs did not infringe because the resemblances to the patented design would not deceive an ordinary observer, inducing him to purchase the alleged infringing device supposing it to be the patented design.

I

THE APPLICABLE STATUTES

35 U. S. C. § 171 provides that:

Whoever invents any new, original and ornamental design for an article of manufacture may obtain a patent therefor, subject to the conditions and

requirements of this title.

The provisions of this title relating to patents for inventions shall apply to patents for designs, except as otherwise provided.

35 U. S. C. § 102(b) states that:

A person shall be entitled to a patent unless -

* * *

(b) the invention was patented or described in a printed publication in this or a foreign country or in public use or on sale in this country; more than one year prior to the date of the application for patent in the United States, or

35 U. S. C. § 103 provides that:

A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made.

THE RULES RELATING TO FINDINGS OF
FACT SHOULD BE STRICTLY ENFORCED
AGAINST DEFENDANTS.

In an Order for Findings of Fact, Conclusions of Law and Judgment, dated March 18, 1966 (Cl. Tr. 169-170), the District Court found United States Design Patent No. 176,986 valid and infringed and ordered the prevailing defendants to prepare proposed findings of fact and conclusions of law. The District Court did not write a memorandum opinion which could be used to supplement these findings and conclusions. See Stone v. Farnell, 239 F.2d 750, 23 F.R. Serv. 52 a.3, Case 1 (9th Cir. 1956); but see Duplex Straw v. Harold Leonard, 229 F. Supp. 401, 141 USPQ 332, 333 (S.D. Calif. 1964).

Plaintiffs filed objections to defendants' proposed findings and conclusions in which they urged the Court "to disregard defendants' proposed findings and make its own independent findings" (Cl. Tr. 171-174). Plaintiffs also called the Court's attention to Edward Valves v. Cameron Iron Works, 289 F.2d 355, 129 USPQ 131 (5th Cir. 1961), cert. denied 368 U.S. 833, 131 USPQ 498 (1961), where the Court said:

"We strongly disapprove any denigration of the trial judge's important function of fact-finding. Findings and conclusions which represent a trial judge's 'independent judicial labors and study' are far more helpful to this Court than the mechanical

adoption of the successful attorney's 'suggested' findings. Kinnear-Weed Corp. v. Humble Oil & Ref. Co., 5 Cir. 1958, 259 F.2d 398, 401, 119 USPQ 10, 11-12; United States v. Forness, 2 Cir. 1942, 125 F.2d 928, 942. "

Accord: Roberts v. Ross, 344 F.2d 747, 9 F.R. Serv.2d 52 a.11, Case 1 (3rd Cir. 1965); Rooted Hair v. Ideal Toy, 329 F.2d 761, 141 USPQ 540, 542 (2nd Cir. 1964), cert. denied 379 U.S. 831, 143 USPQ 465 (1964); Nyyssonen v. Bendix, 342 F.2d 531, 144 USPQ 555, 556 (1st Cir. 1965), cert. denied 382 U.S. 847, 147 USPQ 540 (1965).

Nevertheless, the District Court followed the condemned practice of adopting without change the proposed findings and conclusions of the successful party.

In United States v. El Paso Natural Gas, 376 U.S. 651, 8 F.R. Serv.2d 52 a.11, Case 1 (1964), the Supreme Court recently disregarded similar "mechanically adopted" findings and reversed a judgment for defendant. In footnote 4, the Court quoted with approval the following words of Judge J. Skelly Wright of the Court of Appeals of the District of Columbia, speaking to a seminar for newly appointed United States District Court Judges:

"Who shall prepare the findings? Rule 52 says the court shall prepare the findings. 'The court shall find the facts specially and state separately its conclusions of law.' We all know what has happened.

Many courts simply decide the case in favor of the plaintiff or the defendant, have him prepare the findings of fact and conclusions of law and sign them. This has been denounced by every court of appeals save one. This is an abandonment of the duty and the trust that has been placed in the judge by these rules. It is a noncompliance with Rule 52 specifically and it betrays the primary purpose of Rule 52 - the primary purpose being that the preparation of these findings by the judge shall assist in the adjudication of the lawsuit.

"I suggest to you strongly that you avoid as far as you possibly can simply signing what some lawyer puts under your nose. These lawyers, and properly so, in their zeal and advocacy and their enthusiasm are going to state the case for their side in these findings as strongly as they possibly can. When these findings get to the courts of appeals they won't be worth the paper they are written on as far as assisting the court of appeals in determining why the judge decided the case."

Despite this condemnation, the Supreme Court said that such findings "are not to be rejected out of hand, and they will stand if supported by evidence".

Under the circumstances of this case, however, plaintiffs

ask this Court to strictly enforce Rule 18(3) of this Court of Appeals, which provides that:

"When findings are specified as error in the appellant's brief, and such specification is argued therein, the appellee's brief shall contain record references to the evidence relied upon by appellee as supporting the challenged finding. "

Also, since the prevailing party ordinarily prepares as many favorable findings as possible, plaintiffs further ask the Court to enforce the rule that the failure to make critical findings is tantamount to a holding, or admission, that there was no evidence to support such findings. Neal v. Thomas Organ, 241 F. Supp. 1020, 145 USPQ 315 (S. D. Calif. 1965); Jaybee v. Ajax, 287 F.2d 228, 128 USPQ 278, 280 (9th Cir. 1961).

III

THERE IS ALMOST A PRESUMPTION AGAINST THE VALIDITY OF A DESIGN PATENT.

In Chas. D. Briddell, Inc. v. Alglobe Trading Corp., 194 F.2d 416, 419, 92 USPQ 100, 102 (2nd Cir. 1952), the Court said:

"To obtain a valid design patent is exceedingly difficult. "

In Falcon Industries v. R. S. Herbert Co., 128 F. Supp. 204, 104 USPQ 301, 305 (E. D. N. Y. 1955), the Court commented on the

Briddell case and another as follows:

"Neither opinion says bluntly that there is a presumption against validity . . . but the judicial attitude concerning design patents almost seems to go so far. " 1/

Also, this Court has said that "the presumption of validity of administrative grant has been in recent years almost reduced to nullity". Jacuzzi Bros. Inc. v. Berkeley Pump Co., 191 F.2d 632, 91 USPQ 24, 27 (9th Cir. 1951). The presumption is "infinitely weaker" than that which attends findings of other administrative bodies. Hansen v. Safeway Stores, 238 F.2d 336, 110 USPQ 170, 172 (9th Cir. 1956). Contributing to this trend is the Patent Office policy of granting patents where there is doubt on the question of patentability. In re Scott, 139 USPQ 297, 300 (CCPA 1963); In re Pavelecka, 317 F.2d 932, 137 USPQ 788, 791 (CCPA 1963); In re Sporck, 301 F.2d 686, 133 USPQ 360, 364 (CCPA 1962).

The situation was recently well summed-up in Mohasco Industries, Inc. v. E. T. Barwick Mills, Inc., 221 F. Supp. 191, 139 USPQ 148, 152-153 (N. D. Ga. 1963), aff'd. 340 F.2d 319, 144 USPQ 288 (5th Cir. 1965):

1/ This Circuit has passed on the validity of design patents in six cases in the last twenty-five years. Five of the six were held invalid. Alladin Plastics v. Jerrold Stephan, ____ F.2d ____, 150 USPQ 10 (9th Cir. 1966); Bentley v. Sunset House, ____ F.2d ____, 149 USPQ 152 (9th Cir. 1966); Bliss v. Gotham, 316 F.2d 848, 137 USPQ 189, 191 (9th Cir. 1963); Jaybee v. Ajax, 287 F.2d 222, 128 USPQ 278 (9th Cir. 1961); Margarian v. Detroit Products, 128 F.2d 544, 53 USPQ 658 (9th Cir. 1942).

"To be sure, the issuance of a patent carries with it a presumption of validity (35 USC § 282) but the Courts recognize the problems which inhere in an immense administrative operation such as is carried on by the Patent Office and have minimized the presumption accordingly. See *Gentzel v. Manning, Maxwell & Moore, Inc.* 230 F.2d 341, 108 USPQ 353, cert. denied 352 U.S. 840, 111 USPQ 467; *Wabash Corporation v. Ross Electric Corporation*, 187 F.2d 577, 88 USPQ 393.

"The fact that the Patent Office issues a patent does not necessarily mean that the subject matter was patentable. Pursuant to a rule of long-standing, still in existence today, the Patent Office must grant a patent even when in doubt as to its patentability. *In re Thomson*, 26 APP. D. C. 419, 1906 C.D. 566, 571 (1906):

" 'In case of ordinary doubt, the policy of the patent system, as customarily maintained in the Patent Office, has been to give the applicant the benefit thereof, because no absolute right of property is conferred by the grant of a patent. (*Ex parte Fanshawe*, C.D. 1891, 203, 57 O.G. 1127). The patentee is merely put in a position to assert his prima facie right against infringers who may, in their defense, raise the question of the validity of the patent and

have the same finally adjudicated in the light of a full presentation and consideration of all the evidence attainable in respect of anticipation, prior knowledge, use and the like. '

"See also Application of Hummer, 241 F.2d 742, 746, 113 USPQ 66, 69, and Application of Citron, 251 F.2d 619, 620, 116 USPQ 409, 410.

"Considering what has been said, it is hardly surprising that Courts have observed that the standard of patentability in the Patent Office is below that required by the Courts. Packwood v. Briggs & Stratton Corporation, 195 F.2d 971, 974, 93 USPQ 274, 276 (3rd Cir. 1952), cert. denied 344 U.S. 844, 95 USPQ 418 (1952); Picard v. United Aircraft Corporation, 128 F.2d 632, 541, 53 USPQ 563, 572 (2d Cir. 1942), cert. denied 317 U.S. 651, 55 USPQ 493 (1942):

" 'The Patent Office grants from 50,000 to 100,000 patents each year. The Committee of the Science Advisory Board reported that it was one of the primary defects in our patent system that the Patent Office issues "enormous number of patents, many of which should never be issued * * *". That probably means, as the Committee intimated, that the standard of inventiveness employed by the Patent Office is far below that employed by the courts. ' "

In Graham v. John Deere, ____ U.S. ____, 148 USPQ 459, 467 (1966),

the Supreme Court agreed, saying:

"We have observed a notorious difference between the standards applied by the Patent Office and by the courts. While many reasons can be adduced to explain the discrepancy, one may well be the free rein often exercised by examiners in their use of the concept of 'invention'. In this connection we note that the Patent Office is confronted with a most difficult task. Almost 100,000 applications for patents are filed each year. Of these, about 50,000 are granted with the result that the backlog now runs well over 200,000.

United States Patent Office, Index of Patents, p. 1123 (1963). This is itself a compelling reason for the Commissioner to strictly adhere to the 1952 Act as interpreted here. This would we believe, not only expedite disposition but bring about a closer concurrence between administrative and judicial precedent."

Accord: S. W. Farber, Inc. v. Texas Instruments, Inc., 230 F. Supp. 883, 141 USPQ 473, 479 (D. Del. 1964); See also Berg-hane v. Radio Corp., 116 F. Supp. 200, 99 USPQ 264, 268 (D. Del. 1953), aff'd. 217 F.2d 490, 103 USPQ 406 (3rd Cir. 1954); Cf. Wabash v. Ross Electric, 187 F.2d 577, 88 USPQ 393, 403 (2nd Cir. 1951).

The presumption of validity is not evidence and disappears as soon as direct or positive evidence is introduced. Lage v. Caldwell Mfg. Co., 221 F. Supp. 802, 138 USPQ 497, 500-501

(D. Nebr. 1963); Lorenz v. F. W. Woodworth, 305 F.2d 102, 134 USPQ 152, 154-155 (2nd Cir. 1962); U. S. Rubber v. Consolidated Trimming, 218 F. Supp. 498, 138 USPQ 14, 18 (S. D. N. Y. 1963); Bussemer v. Artwire, 231 F. Supp. 798, 142 USPQ 323, 325 (S. D. N. Y. 1964); Rothe v. Ford Motor Co., 253 F.2d 353, 116 USPQ 497, 499 (D. C. Cir. 1958); B & S Screw Products v. Cleveland Stamping, 233 F. Supp. 845, 143 USPQ 284, 289 (N. D. Ohio 1964); Davis Harvester v. Long Manufacturing Co., ____ F. Supp. ____, 149 USPQ 420, 434 (E. D. N. C. 1966). Cf. Gray v. Montgomery-Ward, 244 F. Supp. 760, 139 USPQ 376 (D. Ore. 1963).

Furthermore, one prior art reference which was not considered by the Patent Office may overthrow the presumption and render the patent invalid. Monroe Auto Equipment v. Superior Industries, 332 F.2d 473, 141 USPQ 710, 716 (9th Cir. 1964), cert. denied 379 U. S. 888, 143 USPQ 465 (1964); Dresser Industries v. Smith-Blair, 322 F.2d 878, 139 USPQ 1, 9 (9th Cir. 1963); Jaybee v. Ajax, 287 F.2d 228, 128 USPQ 278, 280 (9th Cir. 1961).

IV

THE FINDINGS OF COMMERCIAL SUCCESS ARE CLEARLY ERRONEOUS.

The law on commercial success in design cases is set forth in Jaybee v. Ajax, 287 F.2d 228, 128 USPQ 278, 280 (9th Cir. 1961), where the Court said:

"In support of the validity of the patent, appellee urges upon us the commercial success of the article. Such was the finding of the District Court. It is true that commercial success may be taken into consideration in determining the validity of the patent. The trend is to use such success in determining the validity of a patent as a makeweight only where the patentability question is close. *Pointer v. Six Wheel Corporation*, 9 Cir., 1949, 177 F.2d 153, 156, 83 USPQ 43, 46. Such success should not be relied upon to establish patentability except in cases which are otherwise doubtful. In re *Application of Lange*, 1955, 228 F.2d 243, 246, 43 CCPA 714, 108 USPQ 142, 143. However, where invention is plainly lacking, a commercial success cannot fill the void. *Jungersen v. Ostby & Barton Co.*, 335 U.S. 560, 567, 80 USPQ 32, 34-35."

The findings of commercial success, Findings of Fact Nos. 7, 8, 9, 10 and 11, are clearly erroneous for three reasons: First, defendants did not prove that the alleged commercially successful device was manufactured in accordance with the patent. On the contrary, their expert admitted that the manufactured device had multiple horizontal lines at the top of the skirt instead of one, as shown in the patent, and that the manufactured device had a sharp shoulder at the top of the skirt (Rep. Tr. 29). See also

Pltfs. Ex. 10 which shows the "actual pourer manufactured by Anchor". Second, since invention was plainly lacking, the District Court should not have considered commercial success at all. Third, even assuming that this was a doubtful case, there was no competent evidence of commercial success because the defendants failed to prove that the invention (the addition of the skirt) contributed in any material degree to the commercial success. Marconi Wireless Telegraph v. United States, 320 U.S. 1, 57 USPQ 471, 486 (1943). Accord: Converse v. Brenner, ____ F. Supp. ____, 151 USPQ 12, 13-14 (D. C. 1966).

Many factors are responsible for commercial success other than invention. These factors include "generally favorable business conditions in the . . . industry", Gunter & Cooke v. Southern Electric Service, ____ F. Supp. ____, 149 USPQ 438, 451 (M. D. N. C. 1966), "a general need" for a generic class of device, including both the patented and prior art devices, Keiser v. High Point, 311 F.2d 850, 136 USPQ 612, 614 (4th Cir. 1962), "low production cost", Lage v. Caldwell, 221 F. Supp. 802, 138 USPQ 497, 502 (D. Nebr. 1963), "modern advertising techniques", Stiegele v. J. M. Moore, 312 F.2d 588, 136 USPQ 230, 232 (2nd Cir. 1963), "increase in advertising expenditures", Modern Millinery v. Bows Box, 219 F. Supp. 615, 138 USPQ 449, 451 (E. D. Pa. 1963), "sales promotion", In re Boyer, ____ F.2d ____, 150 USPQ 441, 444 (CCPA 1966), and other factors. Mannix v. Healey, 341 F.2d 1009, 144 USPQ 611, 616 (5th Cir. 1965).

Sales figures alone fall short of establishing commercial

success, North Electric v. United States, ____ F.2d ____, 150 USPQ 464, 466 (Ct. Cl. 1966), even though they may show "an excellent record of sales growth". T. P. Laboratories, Inc. v. Huge, ____ F. Supp. ____, 151 USPQ 328, 333 (E.D. Wisc. 1965). As this Court said in Jaybee v. Ajax, 287 F.2d 228, 128 USPQ 278, 280 (9th Cir. 1961):

"Where there is no showing, as in the present case, on how much of the commercial success was due to the advance in design or how much might have been due to other factors, the claimed commercial success is of little, if any, benefit to the trier of the facts."

Accord: Simmons v. Brandwein, 111 USPQ 171, 176 (N.D. Ill. 1956), aff'd. 250 F.2d 440, 115 USPQ 307 (7th Cir. 1957). Cf. Hollister v. Twentiers, 217 F. Supp. 591, 135 USPQ 119, 121 (D. Ariz. 1962), aff'd. 319 F.2d 898, 138 USPQ 473 (9th Cir. 1963).

Here, defendants offered no evidence of expenditures for advertising and promotion nor did defendants offer any evidence that the patented device drove its predecessors out of the market. Cf. Schering v. Gilbert, 153 F.2d 428, 68 USPQ 84, 87 (2nd Cir. 1946). McPhee did not even know the size of the pourer market (Rep. Tr. 265).

On the other hand, the logical inference from the evidence is that the increase in sales of the patented design was due to the mechanical features covered by McPhee's U. S. Patent No. 2,667,290, and by the emphasis placed on the patented design in defendants' catalogue (Rep. Tr. 260, 266-268).

FINDINGS OF FACT 15, 16, 18 AND 19 ARE
CONCLUSORY STATEMENTS MISNAMED
FINDINGS OF FACT.

Findings of Fact 15, 16 and 19 state, in effect, that the patented design would not have been "obvious . . . to a person having ordinary skill in the art". Finding of Fact 18 states that there is no "anticipation" of the McPhee invention.

In National Lead v. Western Lead, 291 F.2d 447, 130 USPQ 4, (9th Cir. 1961), the Court held that similar findings (Nos. 7 and 8) were "little more than a paraphrase" of the statute and "should better be denominated a conclusion of law". Cf. Welsh v. Strolee, 290 F.2d 509, 129 USPQ 175, 177 (9th Cir. 1961).

Furthermore, there are no genuine Findings of Fact to support these Conclusions of Law. For example, there are no findings of fact on "the level of ordinary skill in the pertinent art". See Graham v. John Deere, ____ U.S. ____, 148 USPQ 459, 467 (1966). Rule 52(a) of the Federal Rules of Civil Procedure states that the trial court "shall find the facts specially and state separately its conclusions of law thereon". The rule is not satisfied where the Court makes conclusions substantially in the language of the statute. The opinion of a paid expert, who has more than ordinary skill in the art, is not enough; the expert must state "facts to show why the invention would not be obvious". In re Luvisi, 342 F.2d 102, 144 USPQ 646, 651 (CCPA 1965). So, in the words of Judge Browning in Griffith Rubber Mills v. Hoffar,

313 F.2d 1, 136 USPQ 332, 338 (9th Cir. 1963):

"There was no objective evidence that the combination was less obvious than it appears."

While the question of validity "may" turn on a question of fact, Pressteel v. Halo, 314 F.2d 695, 137 USPQ 25, 27 (9th Cir. 1963), the defendants' failure to submit any genuine findings was an admission that there were no issues of fact and that the question of validity in this case was solely a question of law. Cf. Bentley v. Sunset House, ___ F.2d ___, 149 USPQ 152, 154 (9th Cir. 1966); Brunswick v. Columbia Industries, ___ F.2d ___, 150 USPQ 83, 85 (9th Cir. 1966); Continental Connector v. Houston Fearless, 350 F.2d 183, 146 USPQ 630, 636 (9th Cir. 1965); Monroe v. Superior, 332 F.2d 473, 141 USPQ 710, 713 (9th Cir. 1964); Farr v. American Air Filter, 318 F.2d 500, 137 USPQ 627 (9th Cir. 1963).

VI

THE ALLEGED INVENTION WAS OBVIOUS

35 U. S. C. § 103 is applicable to design patents. 35 U. S. C. § 171; In re Levy, 310 F.2d 751, 135 USPQ 447, 448 (CCPA 1962); In re Frick, 275 F.2d 741, 125 USPQ 191, 192 (CCPA 1960). Sec. 103 provides that:

"A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences

between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains."

The standard of invention required for design patents is the same as that for mechanical patents. In both cases there must be originality in the exercise of the inventive faculty. A streamlined and pleasing appearance is insufficient in the absence of invention. Brown v. DeBell, 243 F.2d 200, 113 USPQ 172, 173 (9th Cir. 1957); Patriarca Mfg., Inc. v. Sosnick, 169 F. Supp. 204, 120 USPQ 143, 146, 148 (S. D. Calif. 1958), aff'd. 278 F.2d 389, 125 USPQ 260 (9th Cir. 1960). This is especially true where one element of the design "is perhaps a refinement over prior structures" and the other elements are contained in or suggested by the prior art. Margarian v. Detroit Products Company, 128 F.2d 544, 53 USPQ 658, 660 (9th Cir. 1942).

Invention is the "prime" requisite to validity. Tourneau v. Tishman, 119 F. Supp. 593, 100 USPQ 350, 353 (S. D. N. Y. 1953), aff'd. 211 F.2d 240, 100 USPQ 334 (2nd Cir. 1954). The design must demand some exceptional talent beyond the skill of the ordinary designer chargeable with knowledge of the prior art. Bliss v. Gotham, 316 F.2d 848, 137 USPQ 189, 191 (9th Cir. 1963); Patriarca Mfg., Inc. v. Sosnick, supra (at page 148); Jaybee Mfg. Corp. v. Ajax Hardward Mfg. Corp., 287 F.2d 222, 230, 128

USPQ 278, 280 (9th Cir. 1961); Duplex Straw Dispenser Co. v. Harold Leonard & Co., 229 F. Supp. 401, 141 USPQ 332, 333 (S. D. Calif. 1964). And there must be a "substantial difference" over the prior art. The fact that some dimensions are changed in a different degree than others is not patentably significant. Duplex Straw Dispenser Co. v. Harold Leonard & Co., supra.

A utilitarian or mechanical device may invalidate a design patent. Thabet Mfg. Co. v. Koolvent Metal Awning, 226 F.2d 207 107 USPQ 61, 65 (6th Cir. 1955). And the Court may compare component parts of a design to show that they are so similar to prior art that no invention is involved. Continental Art v. Bertolozzi, 232 F.2d 131, 109 USPQ 231 (7th Cir. 1956).

The facts here are clear: McPhee merely added an old skirt or flange to Fig. 1 of his U. S. Patent No. 2, 667, 290 (Rep. Tr. 257-258). The skirt or flange was designed to cover the neck of the bottle and protect the cork (Rep. Tr. 65, 260-261). The conical shape was chosen to permit die casting (Rep. Tr. 263-265).

McPhee was charged with knowledge of all the prior art disclosed at the time of his invention, irrespective of whether persons of ordinary skill in the field, or he himself, or anyone else, actually possessed such all-encompassing familiarity with prior disclosures. Walker v. General Motors, ____ F.2d ____, 149 USPQ 472, 474-475 (9th Cir. 1966). Thus, he was charged with knowledge of Fig. 1 of his own U. S. Patent No. 2, 667, 290, Maloney U. S. Patent No. 2, 275, 051, and the Australian Patent No. 9658, the last two patents of which disclose skirts or flanges. He

was also charged with knowledge of the die casting process.

The proper way to apply the § 103 test is to first picture the inventor as working in his shop with the prior art references - which he is presumed to know hanging on the walls around him. In re Winslow, ____ F.2d ____, 151 USPQ 48, 51 (CCPA 1966).

The Court should therefore picture McPhee in his shop seeking a way to "cover up the messy connection between . . . (the) bottle top and a pourer" (Rep. Tr. 65) and to protect the cork. Looking up on his wall, he could see the flanges or skirts in the Australian and Maloney patents. He could also see the conical shape dictated by the die casting process. In this setting, how can his design be said to meet the "rigorous" standard of patentable invention? See Berkeley Pump v. Jacuzzi, 214 F.2d 785, 102 USPQ 100, 102 (9th Cir. 1954).

Clearly, the prior art contained or suggested all the elements of McPhee's design. He merely refined one element, the skirt, by adopting a conical shape dictated by the die casting process and then lengthened it to cover the neck and cork. See King Ventilating v. St. James, 17 F.2d 357, aff'd. 26 F.2d 357 (8th Cir.); Patents for Designs by Shoemaker, § 33, pp. 44-49.

The prior art in this case was simple and if the ordinary skill of persons in the art was "postulated at the minimum conceivable level", McPhee's invention would have been obvious. Walker v. General Motors, ____ F.2d ____, 149 USPQ 472, 475 (9th Cir. 1966); Alladin Plastics v. Jerrold Stephan, ____ F.2d ____, 150 USPQ 10, 11 (9th Cir. 1966). Any other holding would simply

withdraw what was already known and "diminish the resources available to skillful men". Great A. & P. Tea Co. v. Supermarket Equipment Co., 340 U.S. 147, 87 USPQ 303, 306 (1951).

McPhee's design was, at most, the normal progress which results when ordinary taste and judgment are applied to that which has already been created or discovered. Jaybee v. Ajax, 287 F.2d 228, 128 USPQ 278, 280 (9th Cir. 1961).

VII

THE DESIGN WAS NOT ORNAMENTAL

35 U.S.C. § 271 requires that a design patent be "ornamental". A design is not ornamental if it was "dictated primarily by functional or mechanical requirements and any ornamental or pleasing effect was merely a by-product thereof". Bliss v. Gotham, 316 F.2d 848, 137 USPQ 189, 191 (9th Cir. 1963); Bentley v. Sunset House, ____ F.2d ____, 149 USPQ 152, 156 (9th Cir. 1966). Hygienic Specialties v. H. G. Salzman, 302 F.2d 614, 133 USPQ 96, 100 (9th Cir. 1962); Patriarca v. Sosnick, 169 F. Supp. 204, 120 USPQ 143, 146 (S.D. Calif. 1958), aff'd. 278 F.2d 389, 125 USPQ 260 (9th Cir. 1960); Majestic v. Westinghouse, 276 F.2d 676, 678 (9th Cir. 1921).

As already pointed out, the shape of the skirt was dictated by the die casting process (Rep. Tr. 263-265) and by the requirement that it surround and protect the neck of the bottle and the cork (Rep. Tr. 65, 260-261).

Significantly, the findings and conclusions prepared by defendants did not include a finding or conclusion that the design was "ornamental". This was an admission that no such finding or conclusion could be made and, regardless of any other defect, should make it impossible for the judgment to be sustained. Cf. Bergman v. Aluminum Lock Shingle, 251 F.2d 801, 116 USPQ 32, 37-38 (9th Cir. 1957).

VIII

PLAINTIFFS DID NOT INFRINGE

In Reachi v. Edmond, 277 F.2d 850, 125 USPQ 265, 266-267 (9th Cir. 1960), this Court set forth the test of infringement:

" . . . if, in the eye of an ordinary observer, giving such attention as a purchaser usually gives, two designs are substantially the same, if the resemblance is such as to deceive such an observer, inducing him to purchase one supposing it to be the other, the first one patented is infringed by the other."

* * * * *

"Although servile imitation is not required to constitute infringement, a patentee who claims only the design 'as shown' is limited to substantially the form disclosed in the drawing. * * * The impression created by the design must be derived from the thing patented, and not by the selection of one or

more features of which the observer particularly approves. "

Accord: Sunbeam Lighting Co. v. Pacific Associated Lighting, 328 F.2d 300, 140 USPQ 512, 513-514 (9th Cir. 1964); Amerock Corp. v. Aubrey Hardware Mfg., Inc., 275 F.2d 346, 124 USPQ 439, 440 (7th Cir. 1960); E. H. Sheldon & Co. v. Miller Office Supply Co., Inc., 188 F. Supp. 67, 127 USPQ 119, 120 (S.D. Ohio 1960); Eileen Mills Co., Inc. v. Ojay Mills, Inc., 188 F. Supp. 138, 127 USPQ 370, 373 (S.D. N.Y. 1960); 1 Walker on Patents (Deller's Edition), § 137, page 431. Note that § 1503.1 of the Manual of Patent Examining Procedure expressly provides that the description may contain a "dominant feature" clause and, likewise, may emphasize some specific point of novelty as a "characteristic" or an "important" or an "essential" part of the design. McPhee contained no such clause. Thus, the patent covered the totality of elements and there was no "essential" element, "gist" or "heart" of the invention. Cf. Aro v. Convertible Top, 365 U.S. 336, 128 USPQ 354, 358-359 (1961).

Every element of the design was therefore essential.

Amerock v. Aubrey, 275 F.2d 346, 124 USPQ 439, 440 (7th Cir. 1960). Yet defendants' expert -- hardly an "ordinary observer" -- used only three basic criteria, of which he particularly approved, for his comparison: (1) size, (2) silhouette, and (3) pinched-in waistline (Rep. Tr. 19). He ignored the following admitted differences:

(1) that Defts. Ex. C, labelled in Pltfs. Ex. 10 as

"Accused Payne Mod. #542", was "closer to a ball" than the device labelled "Actual Pourer Manufactured by Anchor" (Rep. Tr. 39);

(2) that Defts. Ex. C had an angular bead around the ball, as distinguished from McPhee's horizontal bead (Rep. Tr. 41);

(3) that the pouring spout of Defts. Ex. C extended farther above the body than the patented device (Rep. Tr. 41); and

(4) that Pltfs. Ex. C had a bell-shaped or curvilinear skirt while the patent showed a skirt with straight sides (Rep. Tr. 42-43).

Plaintiffs submit that these differences, which also distinguish Defts. Ex. B, are such that they would not deceive an ordinary observer, inducing him to purchase either of the Payne models supposing it to be the McPhee design. In any event, the burden of proof was on the defendants, 3 Walker on Patents (Deller's Edition), § 741, pp. 2045-2046, and they failed to call a single "ordinary observer", or anyone else, who had purchased a Payne device thinking it was a McPhee device. Thus, the evidence does not support the findings of infringement in Findings of Fact 25, 26 and 27.

For the above reasons, plaintiffs ask that the judgment holding the patent valid and infringed be reversed.

Respectfully submitted,

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CERTIFICATE

I certify that in connection with the preparation of this brief, I have examined Rules 18 and 19 of the United States Court of Appeals for the Ninth Circuit, and that, in my opinion, the foregoing brief is in full compliance with those rules.

/s/ Thomas P. Mahoney
THOMAS P. MAHONEY

